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Louisiana Alliance For
The Mentally III
Easton Rouge, Louisiana
June 30, 1998

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Release Date JUL 3 1998

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August 18, 1998

Independent Auditor's Report

The Officers and Board of Directors
Louisiana Alliance For The Mentally III
Baton Rouge, Louisiana

Gentlemen:

We have audited the accompanying statement of financial position of the

**Louisiana Alliance For The Mentally III
Baton Rouge, Louisiana**

as of June 30, 1998, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Louisiana Alliance for the Mentally III's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Alliance for the Mentally III as of June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 18, 1998 on our consideration of the Louisiana Alliance For The Mentally III's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Yours truly,

Haythorn, Waymouth & Carroll, L.L.P.

Louisiana Alliance For The Mentally Ill
Statement of Financial Position
June 30, 1998

A s s e t s

Current Assets

Cash and cash equivalents	
Cash in bank	\$47,261
Certificates of deposit	<u>3,031</u>
	50,292
Receivables	
Grant Fund receivable	48,697
Other receivables	<u>699</u>
	49,396
Total current assets	100,485

Noncurrent Assets

Office equipment	6,127
Less accumulated depreciation	<u>6,058</u>
	69
Total noncurrent assets	69
Total assets	<u>100,554</u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$2,263
Payroll taxes payable	<u>322</u>
	2,585
Total liabilities	2,585

Net Assets

Unrestricted	<u>97,969</u>
Total liabilities and net assets	<u>100,554</u>

The accompanying notes are an integral part of these statements.

Louisiana Alliance For The Mentally II
 Statement of Activities
 Year Ended June 30, 1998

Changes in Unrestricted Net Assets

Public support	
Grants from Governmental Agencies	\$125,457
Contributions	.. 3,641
Total public support	135,198
Revenue	
Initial setup fees (JHH)	10,001
Material sales (JCHB)	26,834
Other income (JHH)	10,000
Conference income	13,413
Membership dues	3,933
Miscellaneous income	1,000
Interest income	<u>1,048</u>
Total public support and revenue	201,348
Expenses	
Program expenses	
Supporting services	143,009
Journey of Hope Program	<u>84,082</u>
Total expenses	231,121
Increase (Decrease) in Net Assets	69,720
Net Assets, beginning of year	127,689
Net Assets, end of year	<u>197,409</u>

The accompanying notes are an integral part of these statements.

Louisiana Alliance For The Mentally III
Statement of Cash Flows
Year Ended June 30, 1998

Cash Flows From Operating Activities	
Increase (decrease) in net assets	(629,373)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	154
(Increase) decrease in Grant Fund receivable	(80,870)
(Increase) decrease in other receivables	(58)
(Increase) decrease in inventory	7,494
Increase (decrease) in payroll taxes payable	(1,304)
Increase (decrease) in deferred revenue	(9,851)
Increase (decrease) in accounts payable	2,362
Net cash provided by operating activities	(72,095)
Net Increase in Cash and Cash Equivalents	(72,095)
Cash and Cash Equivalents, June 30, 1997	123,287
Cash and Cash Equivalents, June 30, 1998	<u>51,192</u>

The accompanying notes are an integral part of these statements.

Louisiana Alliance For The Mentally III
Statement of Functional Expenses
Year Ended June 30, 1996

	<u>Supporting Services</u>	<u>Journey of Hope Program</u>	<u>Total Expenses</u>
Salaries	\$43,774	\$16,471	\$60,245
Payroll taxes	4,425		4,425
Rent	4,800	583	5,383
Insurance	1,819		1,819
Conference travel	11,383	4,118	15,501
Supplies	6,563		6,563
Printing and publications	13,269	25,134	37,403
Legal and accounting	8,408	11,646	20,054
Telephones	3,473		3,473
Books and subscriptions	3,393		3,393
Postage	3,184	1,244	3,428
Other	41,598	7,324	48,922
Depreciation	134		134
Contract services	<u>1,618</u>	<u>13,649</u>	<u>15,267</u>
Total	\$47,028	\$48,082	\$95,110

The accompanying notes are an integral part of these statements.

Louisiana Alliance For The Mentally Ill
Notes to Financial Statements
June 30, 1998

Note 1-Nature of Organization and Significant Accounting Policies

A. Nature and Purpose

The Louisiana Alliance for the Mentally Ill (LAMI) is a nonprofit entity organized for the purpose of providing a focal point for statewide mental illness activities and issues and to provide a central point for dissemination of information on activities and issues affecting persons with mental illness. The major programs include statewide support to family educators and support facilitators. This is accomplished by providing educational courses which present the Journey of Hope Program. The Journey of Hope Program is also made available to other state mentally ill associations.

B. Basis of Accounting

The organization utilizes the accrual method of accounting, wherein revenue is recognized as earned and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

C. Cash and Cash Equivalents

For the purposes of the statement of financial position presentation, cash equivalents are considered to be highly liquid investments with maturities of three months or less. At various times during the year cash and cash equivalents on deposit with one banking institution exceeded the \$100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash and cash equivalents to minimize this potential risk.

D. Uncollectible Revenue

LAMI considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If accounts become uncollectible, they will be charged to operations when that determination is made.

E. Property and Equipment

Office equipment is recorded at original cost less an allowance for depreciation. Depreciation is recorded using the straight-line method over the assets' useful lives, which range from 3 - 7 years.

F. Income Taxes

LAMI is classified as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code.

Louisiana Alliance For The Mentally III
Notes to Financial Statements
June 30, 1998

Note 1-Nature of Organization and Significant Accounting Policies (Continued)

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

H. Grant Contracts

LAMI depends significantly on grant contract reimbursements to carry out its program activities. This revenue is disclosed as program revenue on the statements of activities.

Grant revenue is recorded as related expenses are incurred, and the reimbursement requests are submitted to the grantor agency.

I. Functional Expenses

LAMI allocates functional expenses primarily by specific identification of program expenses which include salaries of personnel assigned to specific programs.

Note 2-Related Party Transactions

LAMI rents office space from a company owned by the Executive Director under an informal agreement. Total rent paid for the year ended June 30, 1998 was \$4,800.

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August 18, 1998

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Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Officers and Board of Directors
Louisiana Alliance For The Mentally Ill
Baton Rouge, Louisiana

Confidence:

We have audited the financial statements of the Louisiana Alliance for the Mentally Ill as of and for the year ended June 30, 1998, and have issued our report thereon dated August 18, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether the Louisiana Alliance for the Mentally Ill's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the Louisiana Alliance for the Mentally Ill's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that

misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Louisiana Legislative Auditor.

Yours truly,

Howarth, Maginnis & Carroll, L.L.P.